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Agenda Item #2617

WATER/ABJ/PTL:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4419
September 4, 2003**

R E S O L U T I O N

**(RES. W-4419), HAT CREEK WATER COMPANY (HCWC). ORDER
AUTHORIZING A CONVERSION OF OWNERSHIP OF HAT CREEK
WATER COMPANY FROM SOLE PROPRIETORSHIP TO A LIMITED
LIABILITY COMPANY.**

SUMMARY

By Advice Letter No. 23-W, filed on June 23, 2003, John Parrish, owner and operator of Hat Creek Water Company, seeks an order of the Commission authorizing the conversion of ownership of Hat Creek Water Company from a sole proprietorship to a Limited Liability Company. This resolution grants the request.

BACKGROUND

HCWC presently serves approximately 51-metered customers in the area known as Rim Rock Ranch, Unit No. 1, and vicinity, located near the community of Old Station, Shasta County. It is a sole proprietorship, owned and operated by John Parrish. John Parrish seeks Commission authorization to change HCWC's ownership from a sole proprietorship to a Limited Liability Company.

HCWC's present rates became effective December 21, 1999, pursuant to Res. W-4177, which authorized a general rate increase of \$3,106 or 28% in 1999.

Section 854 of the Public Utilities Code requires that the Commission must authorize any change in control of a public utility or else such change is void.

DISCUSSION

John Parrish presently owns and operates HCWC as a sole proprietorship and, as such, is directly liable for all of the utility's debts and other obligations, including the usual financial and other obligations to trade creditors, lenders, and customers. He is also personally liable to third parties for property damage or personal injuries caused by the utility and/or its employees. In order to limit his exposure to possible personal liability, Mr. Parrish, at the advice of his attorney, proposed to separate and protect his personal assets from those of the water company, by requesting that ownership of

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HCWC be converted from a sole proprietorship to a Limited Liability Company. A Limited Liability Company does provide the liability protection sought by Mr. Parrish. The Water Division believes that converting the ownership of HCWC from a sole proprietorship to a Limited Liability Company is a wise business decision and is not adverse to the public interest. The Water Division reviewed HCWC's records and found that all appropriate documents have been filed with the Secretary of State establishing HCWC as a Limited Liability Company. In view of this, the Commission shall allow that the ownership conversion be granted.

NOTICE AND PROTESTS

Since this resolution is not an increase in rates, there is no need to notice HCWC's customers.

FINDINGS

1. John Parrish operates a public utility water system located in Old Station, California.
2. John Parrish desires to convert ownership of HCWC from a sole proprietorship to a Limited Liability Company.
3. This change in control requires Commission approval under Section 854 of the Public Utilities Code.
4. The proposed change in control is reasonable and not adverse to the public interest.

IT IS ORDERED THAT:

1. Hat Creek Water Company is authorized to convert the ownership of Hat Creek Water Company from a sole proprietorship to a Limited Liability Company.
2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 4, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director